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## **BAUCUS, GRASSLEY SAY LINKING PASSPORT ISSUANCE TO TAX DEBT WOULD REQUIRE CAREFUL STUDY**

**Washington, DC** – Senate Finance Committee Chairman Max Baucus (D-Mont.) and senior Committee member Chuck Grassley (R-Iowa) today said the idea of prohibiting passport issuance to individuals with outstanding tax debts would require careful study to balance taxpayer privacy concerns and freedom to travel with the desire for increased tax compliance.

**"Our tax reform effort gives us the opportunity to improve tax compliance – a goal we absolutely must meet,"** said Baucus. **"People who don't pay the taxes they owe put a significant strain on programs we count on like Medicare and Social Security, so every proposal to improve tax compliance deserves evaluation. Taxpayers have a right to privacy, and that's something we need to protect, so we need to carefully weigh each idea of how to improve tax compliance. Tax evasion added \$330 billion to the deficit in the last fiscal year alone, so I'll certainly look closely at this and other ideas to ensure everyone pays their fair share."**

**"It's disturbing to see jet-setting gamblers and Ponzi schemers getting U.S. passports when they owe millions of dollars in taxes. At the same time, there's a longstanding precedent of taxpayer privacy and freedom to travel that Congress would need to study carefully before changing,"** Grassley said. **"Getting a U.S. passport is a privilege but tax privacy has to be protected because tax information has been abused in the past."**

A report from the Government Accountability Office conducted at the Senators' request and released this week found that the State Department issued passports to more than 224,000 individuals who owed more than \$5.8 billion in known unpaid federal taxes as of September 30, 2008, representing more than 1 percent of the approximately 16 million individuals issued a passport during fiscal year 2008. The report noted that the State Department is not authorized to restrict the issuance of passports to individuals because they owe federal taxes. In addition, federal law does not permit the IRS to disclose taxpayer information, including unpaid federal taxes, to the State Department unless the taxpayer consents. In contrast, federal law permits certain restrictions on the issuance of passports to individuals, such as individuals owing child support debts over \$2,500 or certain debts to the State Department. The report concludes that it appears legislation would be necessary to compel a direct link between passport issuance and unpaid tax debts.

According to the Internal Revenue Service (IRS), as of the end of fiscal year 2010, the balance of reported unpaid federal taxes was about \$330 billion, the report says.

Baucus is chairman and Grassley is a senior member and former chairman and ranking member of the Finance Committee, with jurisdiction over tax policy.

The report is available [here](#).

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